

Collaborative Marketing: Utilities and Energy Marketers Working Together

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The Challenge: Oregon's Utility Restructuring

- Oregon Senate Bill 1149 restructures IOU's.
- Requires Portland General Electric and PacifiCorp to provide new power options for residential & small business customers, starting 3/1/02.
- Mandates a specific residential portfolio of green power options and requires the use of third party marketers/suppliers

The Challenge (cont)

Three Required Renewable Options

- **Fixed Renewable** - 100% new wind energy, 100 kWh block product - utility supplied and marketed
- **Renewable Usage** - 100% renewable energy blended usage based product (85% geothermal, 15% new wind) - third party supplied and marketed
- **Habitat** - same as the Renewable Usage product plus a donation for Salmon habitat restoration via an Oregon nonprofit, *For the Sake of the Salmon* - third party supplied and marketed

The Players:

PacifiCorp

- Portland, Ore.-based utility serving 1.5 million customers in six western states.
- Serving 500,000 Pacific Power Oregon customers approximately 20% urban and 80% rural.
- Since 2000, PacifiCorp has offered Blue Skysm, a 100-kWh per block new wind product to customers in Oregon and three other western states.

Player #2

Portland General Electric

- Oregon's oldest and largest utility, based in Portland
- Serving over 730,000 primarily urban and suburban customers
- Since 2000 PGE has offered two 100 kWh block wind products, Clean Windsm and formerly Salmon Friendly Power (predecessor to current habitat option)

Player #3

Green Mountain Energy

- Awarded bid in 2001 by both PGE and PacifiCorp following an RFP process mandated by SB 1149
- Brings the nations largest renewable power marketer with >500,000 customers into the Oregon market
- Green Mtn supplies green tags and marketing for Renewable Usage and Habitat options

How it works

- Utilities provide “Storefront Marketing” - offering regulated products that can be exclusively marketed by the utility or a third-party
- Utilities required to market all three options equally
- Green Mt. and utilities voluntarily decide to do collaborative marketing integrating their retail marketing whenever possible

The Results

- By Q3, 2002 Oregon Renewable Power Enrollments will have increased nearly 300% percent from 3/1/02 levels
- PacifiCorp's Oregon renewable program added over 6,300 new customers since 3/1/02 for a total of 8,783
- PGE's renewable power program added over 9062 new customers since 3/1/02 for a total of 12,989

Key Learnings

- Existing customer-utility relationships can speed the success of new utility & third- party marketing efforts.
- Clear product differentiation is key to growing the total number of new enrollments for programs with multiple options.
- Dynamic, highly responsive customer- centered marketing campaigns do work!

Key Learnings (cont)

- Customer education on the full benefits of green power can significantly increase penetration rates for new renewable offerings.
- Bonus Points: Customer surveys indicate successful green power programs are strongly correlated with higher customer satisfaction with their utility.
- The End